

NAVIGATING THE IMPACT OF NEW TARIFFS - OUR COMMITMENT AND NEXT STEPS

Dear Valued Distributor:

We recognize the uncertainty and challenges that the rapidly evolving trade policies are creating for businesses across industries. As you are likely aware, the U.S. government has announced and implemented a series of new tariffs on imports, significantly impacting costs. **It's important to note that this situation remains fluid and continues to evolve.** Trade policies and tariffs are subject to change, and we are closely monitoring developments to assess how they may impact our business – and by extension, you, our valued distributors.

At Bobrick, **we take great pride in our strong U.S. manufacturing presence, with over 80% of our products manufactured in our five U.S. facilities.** These local investments have allowed us to strengthen our domestic production and supply chain resilience. However, despite our large domestic footprint, the recently announced tariffs are still negatively affecting our business. Some of our products, including those manufactured in our **Toronto, Canada facility, and sourced items from Mexico, Taiwan, the United Kingdom, and China** fall under these new trade policies.

We remain committed to closely monitoring these developments, adapting swiftly, and taking proactive measures to minimize disruption while continuing to provide the level of service and quality you expect from Bobrick. Rest assured, if conditions improve or stabilize, we will reevaluate our pricing accordingly and keep you informed every step of the way.

Upcoming Pricing Adjustments – Effective immediately

In response to these rapidly changing conditions, **we will be implementing a Price increase effective Monday, March 17, 2025,** based on the following enacted tariffs:

- **Section 232 (Effective March 12th):** A **25% tariff** is now applied to **imported steel, aluminum, and certain steel and aluminum derivative products**, including many washroom accessories and most toilet partition hardware. This is a **global tariff on all U.S. imports with no country-specific exemptions or quotas**, leading to a **25% cost increase on all affected products** we import from our Canadian facility, Mexico, the United Kingdom and Taiwan.
- **IEEPA (International Emergency Economic Powers Act) – Effective March 4th:** An extra 20% tariff has been imposed on **all imports from China**, in addition to any existing tariffs in place prior to 2025. Because these tariffs are cumulative, stainless steel and derivative imports from China that are also on the list for Section 232 will be subject to a **45% tariff** (25% from Section 232 and 20% from IEEPA).
- **Indirect Tariff-Related Cost Increases:** In addition to direct tariff costs, we are seeing a widespread increase in raw material prices, particularly stainless steel, aluminum, and glass, as domestic suppliers adjust to the impact of these tariffs. These increased material costs, driven by trade policy changes and market volatility, are further contributing to higher production expenses for Bobrick.

The above pricing adjustments are solely based on the tariffs that have already been implemented and do not account for potential additional cost increases from **the new 25%** tariff on Mexico and Canada imports, which has been temporarily paused until **April 2, 2025**.

Pricing Adjustments Summary:

Accessories:

- Net prices will increase by an average of 4%, with adjustments ranging from 2% to 15% depending on the product.
- Price list is now available on iBob and includes updated MAP pricing. **MAP must be adjusted no later than March 24, 2025.**
- Products impacted by Section 232 tariffs will increase by an average of 9.5%, representing 15% of total SKUs.
- Products imported from China will see an average increase of 15%, representing 3% of our total SKUs.
- Other accessories and stainless-steel Koala baby changing stations, representing over 80% of our total SKUs, will increase by an average of 2%
- Gamco will increase by an average of 4%.

- No change to Plastic Koala Baby Changing Stations, Seating and Adjustable Height Changing Stations as they are not currently affected by the Section 232 tariffs.

Toilet Partitions:

- Bobrick HPL, CGL, and SCRC will increase by an average of 2%.
- Privada and Evolve cubicles will increase by an average of 10%

Jobs previously quoted for both **Accessories and Toilet Partitions** with special pricing and terms by your local Sales Representatives **will be honored**. Given the rapidly evolving situation, including tariffs set to take effect in the coming weeks, **we can only honor new quotes and orders for 30 days at this time**. As soon as there is more clarity on the situation, we will reassess and extend our terms on quoted jobs accordingly.

We Are in This Together

We understand that these shifts create challenges for your business as well, and we want to assure you that we are navigating this alongside you. Our team is actively evaluating ways to mitigate cost impacts, strengthen our domestic manufacturing capabilities, and maintain supply chain stability. We are committed to transparency and will provide prompt updates regarding any changes that impact future pricing.

We deeply appreciate your partnership and patience as we work through these unprecedented changes. If you have any questions or would like to discuss how we can support you, please do not hesitate to reach out.

Thank you for your continued trust in Bobrick.



Nilofar Yagana
Vice President of Marketing

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